GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA

UNSTARRED QUESTION NO:2178
ANSWERED ON:29.08.2007
GRANTS TO LOCAL BODIES
Reddy Shri Karunakara G.

Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether the Twelfth Finance Commission has recommended Rs.25,000 crores grant for local bodies between 2005 and 2010;

(b) if so, the details of the grants likely to be received by the Panchayati Raj Ministry;

(c) the details of the schemes likely to be executed with the help of such grant;

(d) whether any action plan has been prepared for this purpose; and

(e) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a): Yes, Sir. The Twelfth Finance Commission has recommended Rs.25,000 crores payable during the period 2005-10 for local bodies to augment the Consolidated Funds of the States to supplement the resources of these bodies. Of this, Rs.20,000 crore is meant for Panchayati Raj Institutions and Rs.5,000 crore for Urban Local Bodies.

(b): Grants under the 12th Finance Commission are directly released to Panchayati Raj Institutions, through State Governments, by the Ministry of Finance. No funds have been placed at the disposal of the Ministry of Panchayati Raj for this purpose.

(c), (d) & (e): The grants recommended by the Central Finance Commissions are untied grants. However, the recommendations of the Twelfth Finance Commission as contained in the Guidelines issued by the Ministry of Finance are to be kept in view in the utilization of the grants. To ensure that the grants are properly used by Panchayats, a three-tier structure is in place. A High Level Monitoring Committee (HLC) in each State has been constituted, headed by the Chief Secretary with the Finance Secretary and the Secretaries/heads of Departments as members, for monitoring the proper utilization of these grants. The HLC meets once every quarter to review the utilization of grants. Then there is a Review Committee headed by the Secretary, Ministry of Panchayati Raj, Government of India, which periodically monitors the releases of grant moneys to the State Governments and further to the Panchayats. At the Apex level, there is a Central Review Committee headed by Secretary, Ministry of Finance, Department of Expenditure which reviews the releases and utilization of grants. The Committee includes representatives from the Ministry of Panchayati Raj, the Ministry of Urban Development and Poverty Alleviation, the Ministry of Home Affairs and the Ministry of Finance (Department of Expenditure). As per the mandate of the Twelfth Finance Commission, the Comptroller and Auditor General of India audits the release and utilization of local bodies grants.